

Submission by Professor HO Lok Sang, Director, Centre for Public Policy Studies, Lingnan College on Civil Service Reform to the Legco Panel on Public Service on Monday 31 May 1999:

The general principles laid out in the civil service reform consultation document are non-controversial and are well stated. In general, civil servants should be held accountable for their work and rewarded according to how well they carry out their duties. I would, however, like to add that:

- while civil service pay package should be attractive enough to draw talents of sufficient quality to deliver what the community expects, it *must not be overly attractive* so as to “raid” the private sector of workers who may be more productive staying in the private sector.
- while retirement benefits are important in maintaining stability, loyalty, and an aversion to corruption, the government should seriously consider replacing the current *defined benefit system* with a *defined contribution plan*.
- while “permanent” employment is an appropriate reward for truly good employees “permanent” employment must not be unconditional. It should only mean a promise of continued employment *for those who continue to be productive*. We will still need a mechanism that will allow the government to fire those “permanent” employees who have become no longer productive.
- even though monitoring productivity precisely is difficult and even impossible, monitoring productivity is possible. Every employee has a client/clients to serve. That client or clients may be members of the public who receive public services, officers who receive technical or supporting services, or other government departments, agencies, or public bodies. A periodic survey of the degree of satisfaction among clients, as well as self reporting on work done (with documentation or proof of achievements), will maintain the right incentives for civil servants and will allow the government to assess if an employee should be rewarded.
- bonuses can be considered for civil servants. In particular, for those who have reached the top of their salary scales and have limited opportunities for promotion, bonuses awarded on the basis of outstanding performance provides a recognition that the employee deserves.

Finally, I would like to add that a career in public service need not carry rewards that are comparable with top positions in the private sector. Paul Volcker and Alan Greenspan served as chairmen of the Federal Reserve Board not because they cannot get higher pay elsewhere. Similarly the office of the President of the United States and, closer to home, the office of the Chief Executive of the SAR Government attracted candidates who were prepared to give up

highly remunerative, private sector positions. Public offices should carry a remuneration that reflect the importance of the positions and recognize the contributions of their bearers, but pay must not be the main attraction of public offices.

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